

Message Text

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DRAFTED BY EA/ROC:HAENGELBRECHT:ARCKC

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FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

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E.O. 11652:N/A

TAGS: EGEN, ETRD, TW, US

SUBJECT: TAIWAN TRADE PROJECTIONS AND ECONOMIC TRENDS

REFERENCE: STATE 111511

1. WE WOULD APPRECIATE YOUR COMMENTS ON THE FOLLOWING ITEM WHICH APPEARED IN EA/ROC MAY 13 STATUS REPORT.

QUOTE: GREAT LEAP FORWARD (UNCLASSIFIED)
BASED ON FIGURES FROM THE FIRST THREE MONTHS OF 1976 AND THE RATIO BETWEEN FIRST QUARTER AND ANNUAL TRADE TOTALS IN THE SEVENTIES, TAIWAN'S FOREIGN TRADE IS RUNNING AT AN ANNUAL RATE OF OVER 16 BILLION DOLS. IF THIS IS SUSTAINED THROUGH THE REST OF THE YEAR, IT WOULD MEAN A 46 PERCENT INCREASE OVER 1975 IN TOTAL TRADE AND A DEFICIT OF ABOUT 245 MILLION DOLS. (HALF THAT IN 1975). MOREOVER, IF THE STRONG EXPORT SURGE CONTINUES, TAIWAN'S ECONOMY WILL GROW SUBSTANTIALLY MORE THAN THE 6.5 PERCENT PREDICTED BY THE GROC. UNQUOTE.

2. USING SAME METHOD OF PROJECTION (I.E., AVERAGE RATIO OF THE FIRST QUARTER TO ANNUAL TRADE FIGURES FOR PAST FIVE YEARS), WE ESTIMATE THAT BILATERAL TRADE WITH U.S.

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WILL REACH 4.8 MILLION DOLS. IN 1976 WITH ROC SURPLUS

EXCEEDING 1 BILLION DOLS.

3. TAIWAN'S SOARING TRADE RAISES QUESTIONS CONCERNING
INFLATIONARY PRESSURES, BALANCE OF PAYMENTS IN GENERAL
AND WITH U.S. IN PARTICULAR, AND ROC ECONOMIC PLANNING
AND POLICY. WE WOULD LIKE YOU TO ADDRESS THESE MATTERS
IN YOUR COMMENTS WHICH SHOULD BE PROVIDED TELEGRAPHICALLY.

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